



internet payment platform

# Payment and Information Combined

*Financial Management Service*

# ***A Typical Vendor Payment Flow***

---

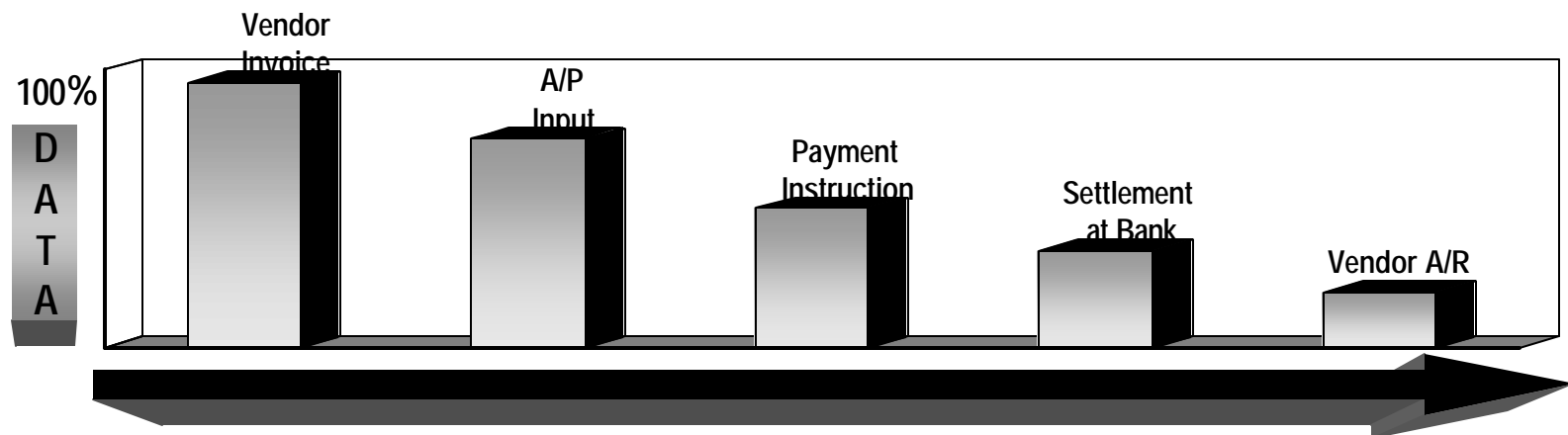
<u>Stage:</u>	Different System
Purchase Order – goods ordered	<input checked="" type="checkbox"/>
Invoice – goods received	<input checked="" type="checkbox"/>
Approval – order + delivery = expectation	<input checked="" type="checkbox"/>
Payment Instructions to FMS	<input checked="" type="checkbox"/>
Certification	<input checked="" type="checkbox"/>
Disbursement	<input checked="" type="checkbox"/>
Reporting	<input checked="" type="checkbox"/>
Aftermath: claim of non-receipt, returned payment	<input checked="" type="checkbox"/>

# ***Business Problem: Defined***

---

## **The World Today:**

- Multiple Systems that do not Interact, “Stovepipes”
- Degradation of Data
  - Data is lost when passed from system to system
- Paper, People & Time-Intensive Processes
  - It can take agencies months to process a vendor payment
  - FMS and agencies receive many calls from payees asking for more payment related information (why paid, when they will be paid, etc.)
- Result: “Black Box” Disbursement Environment



# ***Internet Payment Platform: Defined***

---

## IPP Environment

- Centralized Payment Information Portal integrating all participants in a payment
- Data Appreciation vs. Degradation
- Automation and Streamlining of Processes for all in the transaction
- Result: Transparency to entire payment lifecycle

# ***New Vendor Payment Flow***

---

Stage:

**IPP Connects** all Systems

Purchase Order – goods ordered

Invoice – goods received

Approval – order + delivery = expectation

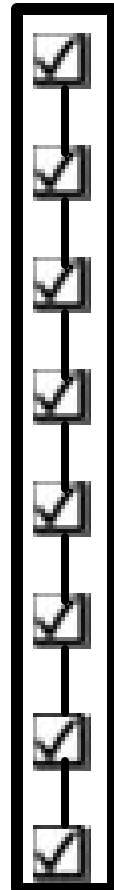
Payment Instructions to FMS

Certification

Disbursement

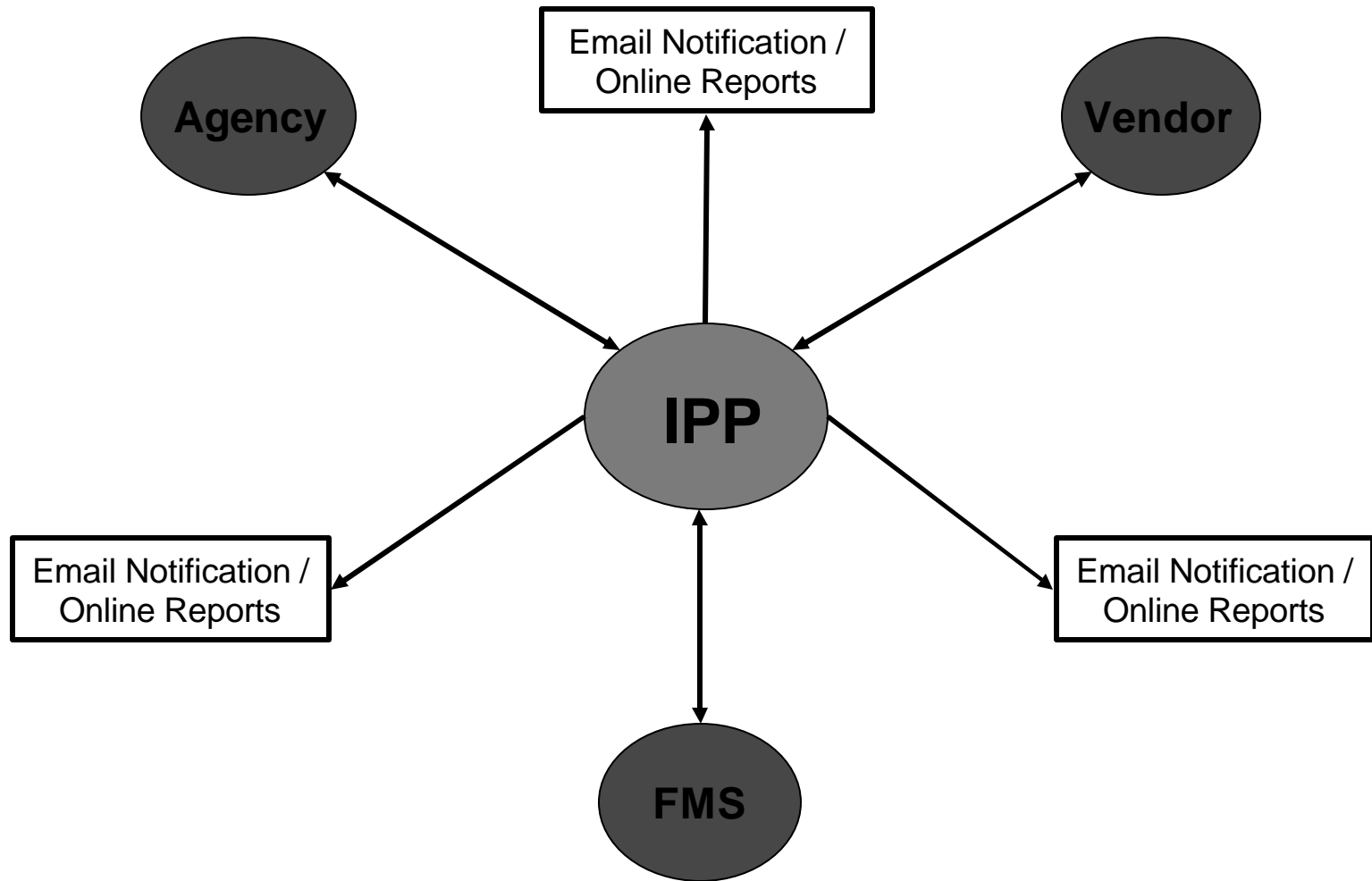
Reporting

Aftermath: claim of non-receipt, returned payment



# ***IPP Architecture: Connect All Participants***

---



# ***IPP Pilot Status***

---

## **Status**

- 3 Agencies participated with 30 suppliers each
- Pilot ended on June 30, 2004
- \$45 million in transactions during life of pilot

## **Participants**

- The Denali Commission (small sized agency)
- Bureau Engraving and Printing (small/medium sized agency)
- Department of Labor (large sized agency)

## **Feedback from agencies:**

- Streamlines the back office, replaces phone calls with self-service and online claims, and electronically routes and approves documents across all field offices and back
- All three agencies have decreased costs over 30%, shortened payment time frames
- Converted check vendors to EFT through IPP
- All three pilot agencies have asked Treasury to permanently provide.

# ***IPP Update***

---

## **IPP is looking for interested agencies**

- No charge to agency
- 10 agencies have already signed
- Simple Cooperation Agreement to use program and provision time/resources to integrate into agency, validate requirements, and test
- Offer feedback to IPP Team: what is missing, what is unnecessary

## **Determining if Buy or Build**

- RFP from the Boston Federal Reserve Bank
  - Federal Reserve is reviewing submissions
  - Know if viable option in September

## **Agency Involvement**

- Not until fall although monthly update calls in interim
- Philosophy: Part of the team (online collaboration tools, design decisions)
- Request Agency vendor (payee) involvement too
- Please send email to [ted.kowalsky@fms.treas.gov](mailto:ted.kowalsky@fms.treas.gov)



# ***Questions ??***

---

# ***In Closing***

---

- IPP is a single portal connecting all participants together for the entire payment lifecycle.
- IPP speeds the payment process and offers access and availability to agencies and vendors at anytime.
- A Harvard Business Case project
- IPP is based on a successful pilot
- The IPP team is looking for interested agencies
- Thank you! [Brett.Smith@fms.treas.gov](mailto:Brett.Smith@fms.treas.gov)